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The Indo-Soviet Arms Relationship

An Intelligence Assessment

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May 1986

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The Indo-Soviet Arms Relationship

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An Intelligence Assessment

This paper was prepared by [redacted]
Office of Near Eastern and South Asian Analysis,
and [redacted] Office
of Soviet Analysis. It was coordinated with the
Directorate of Operations. [redacted]

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Comments and queries are welcome and may be
directed to the Chief, South Asia Division, NESAs, on
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**The Indo-Soviet
Arms Relationship**

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Key Judgments*Information available
as of 2 May 1986
was used in this report.*

The Indo-Soviet arms relationship is likely to peak in the next five years and then begin gradually to decline. Deliveries of Soviet military equipment under major arms agreements signed in the early 1980s will be completed by 1995, coinciding with the completion of Indian force expansion programs. Still, we estimate that almost half of India's combat aircraft and about half of its armored vehicles and major warships will consist of Soviet-supplied equipment by the end of the century.

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India will be looking for fewer new weapons in the 1990s and instead will concentrate on acquiring high-technology support gear, such as communications and electronic warfare systems, that will enable it to use its forces more effectively. Most of this advanced equipment will be purchased from the West. Indian political and military leaders consider Western military technology—particularly aircraft, electronics, and propulsion systems—far superior to that of the Soviets. Prime Minister Rajiv Gandhi also is dissatisfied with the slow pace of Soviet technology transfers. Negotiations for the MIG-29 fighter have dragged on for two years after Moscow promised deliveries would begin in 1984. The Soviets have also refused to help the Indian AWACS program and remain secretive about their electronic warfare equipment.

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Gandhi wants access to sophisticated military technology from Western Europe and the United States, in part to reduce India's dependence on the Soviet Union. Key elements in this plan are India's Western-aided weapons development efforts—the Light Combat Aircraft, the Advanced Light Helicopter, and the Arjun main battle tank—aimed at providing indigenous alternatives to Soviet weapons. Indian defense officials hope that the Light Combat Aircraft will break the "MIG cycle" and that the Arjun will preclude further imports of Soviet tanks in the 1990s. The successful development of an Indian-designed fighter aircraft program, albeit accomplished with Western assistance, would stand in marked contrast to India's 20-year effort to produce under license Soviet-designed combat aircraft—an effort that has not significantly enhanced India's self-sufficiency or technological base.

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West European suppliers will continue to meet most of India's needs for non-Soviet materiel. West German firms are heavily involved in India's indigenous weapons development programs. India has purchased a British aircraft carrier, over 400 Swedish howitzers, and additional French Mirage

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2000 fighters since January. Opportunities for US suppliers will be limited by Indian concern that the United States would embargo arms supplies in a future Indo-Pakistani conflict. The best areas for US defense cooperation will be in providing advanced subsystems and production technology—areas where New Delhi would not be concerned that a US embargo would immediately affect Indian combat capabilities. Antiarmor technology and India's Light Combat Aircraft program have been identified as areas for cooperation. India is also interested in US communications and electronic warfare systems. [REDACTED]

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Developing a defense relationship with the Indians will require patience on the part of both Washington and US defense industries. The United States will be faced with complying with New Delhi's seemingly endless delays in completing agreements and understandings. Last year's extended delay in obtaining Indian acceptance of the nuclear assurances attached to the Memorandum of Understanding on technology transfer is an indicator. Since then, New Delhi has resisted a formal General Security of Military Information Agreement, preferring ad hoc arrangements instead. [REDACTED]

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US firms will find the Indians' arms negotiating style exasperating and their procurement procedures frustrating. Recently, a US firm withdrew from participation in a tank rebuilding program because of long delays on the part of Indian officials. Previous unsuccessful US attempts to sell C-130 transport aircraft and TOW missiles to India probably will dissuade other US arms manufacturers from making a strong attempt to develop an Indian market. [REDACTED]

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The Soviets value their dominant position in the Indian arms market and view growing Western military sales to India with concern. From the Soviet perspective, arms sales have muted Indian criticism of their invasion of Afghanistan, provided access to key Indian political and military decisionmakers, gained Indian support in international forums, complemented Soviet economic and propaganda efforts in India, and provided a basis for what Moscow hopes eventually will become a wider military relationship with New Delhi. We expect Moscow will:

- Use its official and press connections and its familiarity with the Indian procurement system to lobby for additional arms purchases.

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- Divert Indian attention by offering new advanced arms, hoping prolonged negotiations will delay deliveries.
- Deliver weapon systems, such as nuclear attack submarines, which have never been exported to the Third World.

At the same time, the Soviets will continue to demonstrate their pique at India's arms diversification efforts by selectively raising interest rates and delaying final agreements and delivery of high-profile items like the MIG-29 fighter.

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**The Indo-Soviet
Arms Relationship**

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Strategic Ties

Arms agreements have been the most visible aspect of the Indo-Soviet bilateral relationship. We estimate that India has purchased about \$14 billion worth of defense materiel from the USSR during the past 25 years, making Moscow New Delhi's primary arms supplier.¹ Low prices, concessionary financing, and attractive coproduction agreements are regularly cited by US Embassy and [redacted] as the reasons why New Delhi has relied so heavily on Moscow for security assistance. Economic ties also are a crucial element in the relationship but are declining in importance. Moscow remains India's second most important trading partner—after the United States—but Soviet officials are concerned about their declining role. [redacted] Intensified Soviet efforts to sell more machinery and equipment have met with only limited success, in our judgment. [redacted]

Shared strategic perceptions and threats have provided a political framework for the Indo-Soviet arms relationship. Embassy reporting indicates that both Moscow and New Delhi see Beijing as their long-term rival in Asia. As viewed from Moscow, India's size, location, and regional dominance make it an important part of Soviet efforts aimed at containing the Chinese. The Soviets also regard India as a leader in the Nonaligned Movement, capable of checking Chinese and US influence in the Third World. [redacted]

Indian policymakers view Soviet military and economic aid as a crucial counterweight to Chinese and US influence in Pakistan, Bangladesh, and Sri Lanka, according to Embassy reporting. Without Soviet security assistance, India could not have achieved a significant advantage in military equipment over Pakistan, its most immediate threat. [redacted]

An Evolving Relationship

The Indo-Soviet arms relationship has grown over the past quarter century, coupling increasingly larger agreements and more sophisticated arms. India's purchases rival in size those of Libya, Iraq, Syria, and Cuba. Agreements signed in the 1960s were modest—totaling slightly more than \$1 billion for the decade—but India became the first non-Communist country to coproduce a major Soviet weapon system—in this case, the MIG-21. In the next 10 years, which included the 1971 Indo-Pakistani war, the value of Indo-Soviet arms agreements jumped to nearly \$3 billion, and New Delhi's purchases included Osa-class missile boats, T-72 tanks, and BMP-1 infantry combat vehicles. In the first half of the 1980s, the combined value of Indo-Soviet arms agreements approached \$10 billion, and India became the first Third World country to order Kilo-class submarines, Tarantul-class missile corvettes, and TU-142 Bear antisubmarine patrol aircraft. India also acquired coproduction rights to the T-72 tank and BMP-2 infantry fighting vehicle. All of these weapons will be in the Indian arsenal by the end of the decade. The gap between the time Moscow fielded new equipment with Soviet forces and sold it to India narrowed considerably after 1980. [redacted]

India has received generous concessionary financing from Moscow. [redacted] the Soviets offered commercial financing with 40-percent downpayments in the early 1960s, but by 1965 the Soviets allowed the Indians 10-percent downpayments and 4-percent loans for 20 years. Despite these highly advantageous terms, Indian negotiators typically have pressed for still lower prices and immediate delivery. [redacted]

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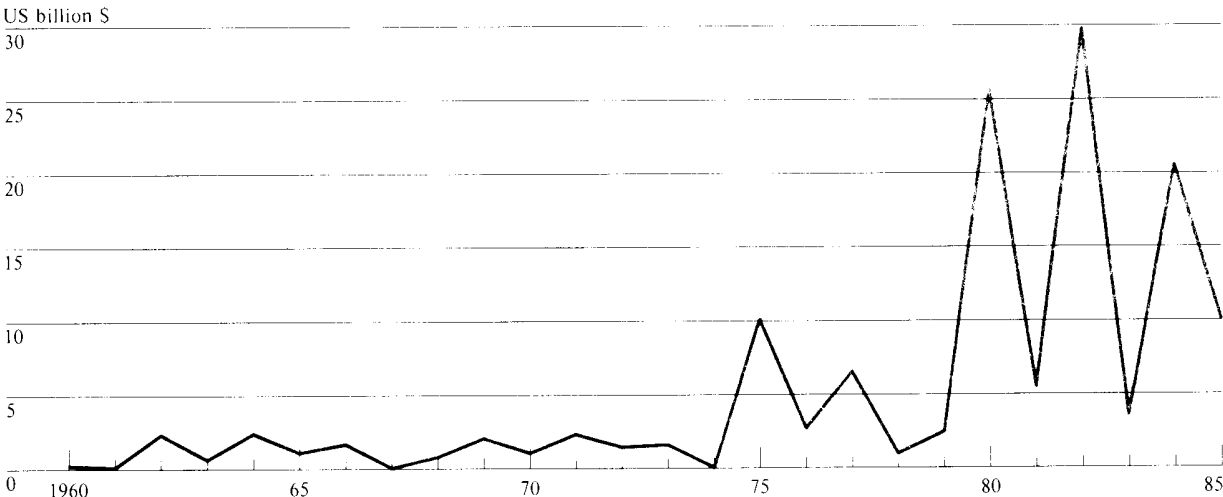
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Figure 1
Indo-Soviet Arms Agreements, 1960-85



[Redacted]

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India and the USSR handle payment through a ruble-rupee clearing account. Prices for Soviet military equipment are converted from rubles to rupees, which New Delhi pays into a central account. Moscow uses these funds to purchase Indian manufactured and consumer goods, as well as to pay for aid programs, diplomatic operations, and other official activities in India. This arrangement allows New Delhi to conserve its scarce hard currency. [Redacted]

As a result of the long Indo-Soviet arms relationship, the Indian military is heavily dependent on Soviet weapons. Some 65 percent of the combat aircraft, 40 percent of the tanks, and 70 percent of the warships in the Indian arsenal are Soviet in origin. We estimate that at least 3,390 Indian officers and enlisted men have been trained in the USSR since 1975, and about 500 Soviet technicians usually are present in India to help maintain Soviet-built equipment and assist in the construction of coproduction facilities and military bases. [Redacted]

Nevertheless, unlike many of Moscow's clients—including Cuba, Libya, and Syria—India has consistently refused Soviet requests for joint military exercises and access to bases. [Redacted]

[Redacted] Indian policymakers argue that their non-aligned foreign policy would require the extension of similar privileges to other great powers if New Delhi agreed to Moscow's requests, according to US Embassy reporting. The Indians also have restricted the number and movements of Soviet technicians and training personnel in India, most recently turning down a Soviet offer to permanently station technicians at major Indian airbases. [Redacted]

[Redacted] the Indo-Soviet arms relationship has featured:

- Persistent Indian requests for advanced Soviet weaponry to solidify its position as the dominant regional power.

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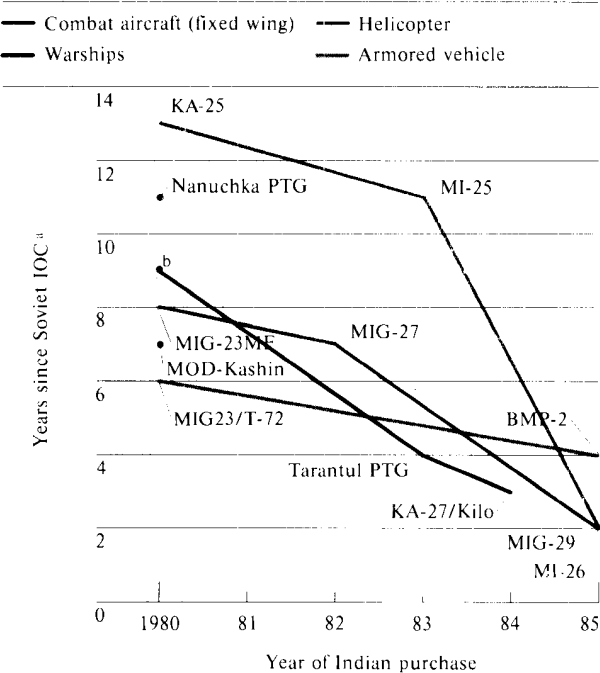
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Figure 2
Indian Access to New Soviet Weapons,
1980-85



^a Initial Operational Capability.
^b This point is halfway between Nanuchka PTG and MOD-Kashin.

- Soviet efforts to provide arms to India to offset the effect of US arms deliveries to Pakistan.
- Indian attempts to increase its leverage with Moscow by diversifying its arms purchases.

Why Not the Best?

Indian negotiators have consistently pressed Moscow for its most advanced conventional weaponry over the last decade.

In our opinion, prestige has been a dominant factor behind these Indian requests. Indian ambitions of being the leading regional power in South Asia with growing global political responsibilities lie behind the arguments for the acquisition of equipment as capable as that in the arsenals of the great powers. India now possesses such weapons from both the USSR—T-72M tanks and MIG-27 attack aircraft—and the West—Mirage 2000 fighters, Sea Harrier V/STOL fighters, and Sea King antisubmarine warfare helicopters.

Moscow generally has tried to meet Indian requests for advanced arms, although delivery schedules have often slipped.

told in 1983 that the Soviets could provide advanced combat systems, such as the T-72M tank, but not in the quantities asked for because of Moscow's own needs. during joint naval discussions in 1977, the Soviets advised the Indians that they had not ordered enough Kashin-class destroyers and IL-38 May maritime patrol aircraft; the Indians later ordered more

The Afghanistan Factor

Soviet willingness to meet Indian requests for advanced arms has increased since the Soviet invasion of Afghanistan and the subsequent increased flow of US arms to Pakistan, especially F-16 fighters, Harpoon

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antiship missiles, and AIM-9L air-to-air missiles.

or



Indian Air Force IL-76 MD

The timing of a major Indo-Soviet arms deal shortly after the Soviet invasion of Afghanistan suggests that traditional Soviet generosity in providing arms to India was enhanced by New Delhi's restraint in criticizing the Soviet invasion.

Indira Gandhi at first took a tough stand on Afghanistan, refusing to endorse the invasion when Soviet Foreign Minister Gromyko visited in March 1980. Two months later, the USSR and India signed a comprehensive arms agreement worth an estimated \$2.4 billion—the largest in Indian history—that included T-72 tanks, BMP infantry combat vehicles, naval combatants, and an option to buy the T-80 tank when it became available for export. Since then, India has not publicly criticized the invasion.

Diversification

In our judgment, the Soviet invasion of Afghanistan prompted India to diversify its arms sources, forcing Moscow to offer advanced weapons, thereby expanding the Indo-Soviet arms relationship. According to Embassy reporting, Indira Gandhi was criticized by other nonaligned states during the Nonaligned summit meeting in 1980 for adhering too closely to the Soviet line on Afghanistan. We believe this criticism, combined with Indian fear of becoming too dependent on Moscow, led New Delhi to sign large arms agreements with West European states, including France for Mirage 2000 fighters, West Germany for Type 1500 submarines, and Britain for Sea Harrier V/STOL fighters.

Moscow responded by offering even more advanced systems and by criticizing Western terms and equipment. The biggest Soviet push came in March 1982 when Defense Minister Ustinov visited New Delhi with a 70-member delegation, including 31 generals and admirals, on two weeks' notice. Ustinov,

showed anxiety over

India's diversification policy, offered coproduction of the MIG-27, revived discussions on delivery of nuclear-powered attack submarines, and disparaged the French Mirage 2000 and Milan antitank guided missile. When Prime Minister Indira Gandhi visited Moscow six months later, the Soviets offered additional Kashin-class destroyers, SU-22 attack aircraft, SA-9 surface-to-air missiles, short-range ballistic missiles, and licensed production of the MIG-25 interceptor,

in 1983 the Indians were offered MIG-29 fighters, IL-76 AWACS, TU-142 antisubmarine warfare patrol aircraft, SS-21 tactical battlefield missiles, MI-26 heavy-lift helicopters, and coproduction of BMP-2 infantry fighting vehicles, again to counter Western offers

Indian Modernization Programs

Indian modernization plans for the next decade call for reducing dependence on Soviet weapons through indigenous arms development projects that we believe stand a good chance of success. High-ranking Indian defense officials publicly claim that in the 1990s India will be self-sufficient in the production of major weapon systems. We believe this assertion is exaggerated, but several Indian arms development programs now under way stand a good chance of succeeding because of significant Western technical assistance and the backing of senior Indian defense officials. India's proposed Light Combat Aircraft, Arjun main

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battle tank, and Advanced Light Helicopter are being designed in large part by West German firms. The indigenously designed Godavari-class frigate, already in production, is based on the British Leander-class frigate and contains numerous British subsystems.

The Indian need for large quantities of new Soviet equipment will diminish as the growth of their armed forces slows. The Indian armed forces are already beginning to suffer from shortages of technically trained personnel to operate advanced equipment,

are beginning to speculate about reducing the size of the Army as it becomes more mechanized and less of a leg-infantry force. New Delhi also is looking for high-technology command, control, and communications systems; intelligence-gathering systems; and other systems that will enable it to use its forces more effectively. that the Indians hope to purchase most of these systems from the West.

Nevertheless, New Delhi will remain heavily dependent on Moscow. We believe the Indo-Soviet arms relationship will peak in the next five years and then only gradually decline. Indian modernization programs based on Soviet weapons produced in the early 1970s—such as the T-72 tank, MIG-23 fighter, and modified Kashin-class destroyer—will near completion at the end of the decade. We estimate that by the end of the century approximately 45 percent of India's combat aircraft, 50 percent of its armored vehicles, and 55 percent of its major warships will consist of Soviet-supplied equipment. This will require a sizable spare parts and maintenance program involving Soviet specialists in India. We believe New Delhi will also prefer to maintain close defense ties to Moscow as a way of maintaining leverage with Western arms suppliers.

Air Force

We believe the Indian Air Force is the closest of the three military services to turning away from Moscow. We project that the percentage of Soviet-model combat aircraft in the Indian inventory will peak in 1990 at 70 percent and then decline. The decline will be caused mainly by the delivery of West European

Coping Without Soviet Military Assistance: A Viable Option

We believe India could cope with a cutoff of Soviet military assistance. A cutoff in the near term would reduce the operational readiness of India's Soviet-built equipment, but the Indians could take several steps to minimize this problem. They could immediately curtail training and normal peacetime operations and step up the production of spare parts for those weapons produced under license. New Delhi could also attempt to purchase subsystems and spare parts from non-Soviet sources, including Egypt, Yugoslavia, and North Korea, as well as Western arms manufacturers that have helped India and other Third World countries to maintain and upgrade Soviet-model equipment.

Over the longer term, the Indians would increase the number of Western-made weapons in their inventory and step up indigenous development and production of weapons designed with Western assistance. Alternatively, the Indians could produce fully developed Western systems to reduce their development costs. We believe New Delhi would end its policy of not engaging in joint maneuvers and training exercises with foreign militaries. This change would expose the Army, Navy, and Air Force to new tactics, logistics, and maintenance procedures that arguably could do more to increase their war-fighting capabilities than significant new arms purchases.

We estimate that it would cost the Indians at least \$15 billion to replace the major Soviet weapon systems in their inventory with comparable Western arms. The Indian economy could not sustain a large-scale program of Western arms purchases, in our judgment, unless the government received substantial financial help from the West and spread the costs over 20 years.

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advanced trainer aircraft and the initial production of India's Light Combat Aircraft. Additional purchases of French Mirage 2000s, favored by the Air Force, will accelerate this trend.

Light Combat Aircraft. Development of India's Light Combat Aircraft (LCA) is the key Indian program for reducing dependence on Soviet combat aircraft. The LCA program is being championed by Defense Science Adviser Arunachalam, probably the most influential official in the Indian arms procurement system, as a stimulus for the Indian aerospace industry.

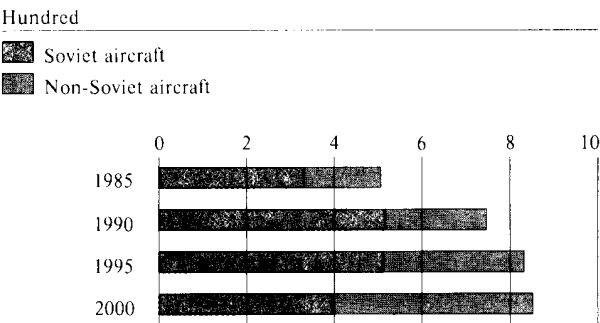
want to equip the LCA, which they expect to be a first-class fighter and attack aircraft, with a fly-by-wire control system and an indigenously developed turbine engine, using composite materials to build most of the air-frame. Although the Indians lack the technology necessary to produce such an aircraft, they have chosen Messerschmitt-Boelkow-Blohm (MBB) of West Germany to do most of the preliminary design work. We believe that, as the Indians get further into this program, they will reduce their expectations and settle for a less capable, but still adequate, fighter built with considerable Western assistance and sub-systems. Preliminary plans call for the first LCA prototype to fly in 1992 and for the start of a 600-aircraft production run in the mid-1990s.

Western Aircraft. The Air Force is planning to purchase 30 advanced Western jet trainers and coproduce 100 more in the next 10 years.

The Air Force's first and second choices for this aircraft are the British HAWK and French Alphajet. Press reports indicate India has purchased nine additional Mirage 2000s to supplement the 40 already on order

Soviet Fighters. The Soviets are likely to push sales of additional combat aircraft as they attempt to derail the LCA program, but in our judgment they will not succeed. By 1990 the Air Force will have received all of the Soviet MIG-23s now on order and completed licensed production of late-model MIG-21s. Coproduction of 165 MIG-27 attack aircraft is expected to end in the early 1990s. Purchase and delivery of two

Figure 3
Indian Air Force Combat Aircraft,
1985-2000



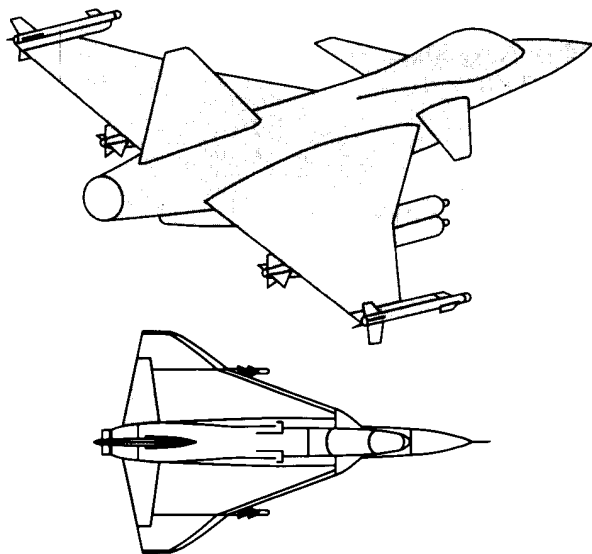
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squadrons of MIG-29s will probably have taken place by the end of the decade. Additional purchases of Mirage 2000 fighters, 49 of which are already on order, have been recommended by the Air Force and will probably preclude a larger MIG-29 purchase and coproduction of that aircraft.

Support Equipment. In addition to reducing its dependence on the Soviets for combat aircraft, we believe that the Air Force will focus on improving training and maintenance—an effort that will increase the amount of Western equipment in its inventory. Recent Air Force chiefs have expressed interest in US and West European air combat instrumentation ranges and flight simulators, and the Air Force has turned to Western suppliers for spare parts and advanced subsystems for its Soviet aircraft. The Air Force is also planning to upgrade significantly its electronic warfare capabilities with Western assistance. Air Force officers have found the Soviets so secretive about their electronic equipment that they

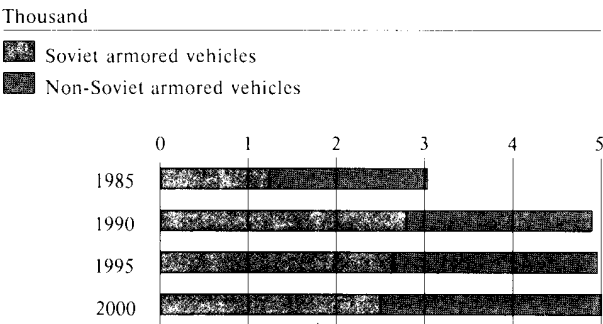
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Artist's impressions of the Light Combat Aircraft

Figure 4
Indian Army Armored Vehicles,
1985-2000



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will not tell Indian officials if they have a particular piece of equipment for a particular function. [redacted] the Soviets have told the Indians that the AWACS variant of the IL-76 transport is not ready for export and that the Indians should not install Western electronic equipment on their IL-76s. [redacted]

Army
We expect the Indian Army's reliance on Moscow to grow significantly before peaking in 1990 when the Indians hope to begin full-scale production of the Indian Arjun main battle tank. [redacted]

Arjun Tank. [redacted] the Arjun program, although behind schedule, has been infused with additional funds. [redacted] The Army wants to complement its main battle tanks with Swedish IKV-91 light tanks and Western wheeled armored reconnaissance vehicles. The Army is shopping for Western upgrades and modifications, including fire-control systems and engines, for its Soviet and Western tanks. [redacted]

Other Materiel. The Army recently concluded its eight-year search for 155-mm towed howitzers by purchasing 420 Swedish artillery pieces, [redacted] the purchase of self-propelled 155-mm guns now appears to depend on fitting a US-built turret to a Vijayanta tank chassis. [redacted] the Army also wants to buy night-vision devices and small arms from the United States and Western Europe. [redacted]

Helicopters. Army aviation plans are based on purchases of Western attack helicopters and the development of an Advanced Light Helicopter with Western assistance. The Army plans to buy 200 Western antitank helicopters instead of more Soviet MI-25 Hinds for its new aviation corps. The Hinds, a dozen of which are operated by the Air Force, performed poorly in field exercises in mid- [redacted]

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Soviet Deliveries. The Army will remain dependent on Moscow for over half of its armored vehicle inventory, according to our projections. The Indians have already purchased 800 T-72 tanks and will begin assembly of the improved T-72M this year. We expect that BMP infantry combat vehicles will continue to arrive from Moscow until the licensed production of the BMP-2 begins sometime in the late 1980s. The Army also is likely to remain dependent on Soviet air defense weapons to protect its mechanized forces. Delivery of the first SA-8 missile launchers and missiles took place late in 1985. The Army already has SA-6s and wants to replace its ZSU-23/4 anti-aircraft and man-portable SA-7 surface-to-air missiles, probably with Soviet systems.

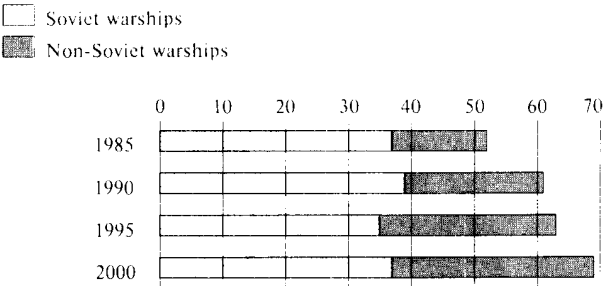
Navy
The Navy is the Indian service most dependent on the USSR, although we expect the percentage of Soviet warships in its inventory to decline over the next decade. Indigenous construction of Indian-designed ships will be the primary cause of this decline.

shipyards will build six Godavari-class frigates beginning next year as well as indigenously designed Project 15 cruisers and Bantam-class corvettes, which incorporate Soviet and Western technology.

West European Ships. The Navy is buying a small number of specialized ships and naval systems from the West to complement its largely Soviet-built fleet,

The Indians have agreed to purchase the British aircraft carrier Hermes, another squadron of Sea Harrier V/STOL fighters, and 26 more Sea Eagle antiship missiles. They also are looking for Western gas turbines to power the 10 to 30 warships that will be built in Indian yards over the Western technology, moreover, is being sought to build mine countermeasures

Figure 5
Indian Navy Major Warships,
1985-2000



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ships and two new aircraft carriers in the 1990s. We expect the Navy to order additional West European and US sensor and communications systems for many of its ships.

Soviet Deliveries. Although we expect that the Soviets will dominate sales of small missile combatants, the number of Soviet-built combatants in the Indian Navy will remain about the same and as a percentage will decline. will deliver to India the first Kilo-class submarine and India's fourth Kashin-class destroyer this year. Eight Bear antisubmarine warfare patrol aircraft are scheduled to arrive before the end of the decade. Soviet specialists, moreover, will continue to expand Indian port facilities at Visakhapatnam.

Gandhi's Look to the West

We believe the tension between changing Indian military requirements and Soviet unwillingness, and in some cases inability, to meet New Delhi's need for high technology will be aggravated by Prime Minister

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Gandhi and Gorbachev in Moscow, May 1985

Rajiv Gandhi's efforts to modernize India's military establishment. Gandhi is dissatisfied with the slow pace of Soviet technology transfers, [redacted] and believes that access to sophisticated US military technology will reduce India's dependence on the Soviet Union and increase its leverage with Moscow. Rajiv also wants to keep the Soviets guessing about the size and scope of his purchases from the West to gain additional concessions. [redacted]

Gandhi's arms diversification drive is part of his larger effort to accelerate India's economic development by gaining access to Western technology. [redacted]

[redacted] New Delhi has decided Moscow is no longer capable of supplying the technologies that India needs for industrial development. The critical gap in technology for India—and for the Soviets—is in computers and electronics, fields in which the United States, Western Europe, and Japan excel. [redacted]

We believe the Indians carefully balanced a series of high-level visits by Indian, Soviet, and [redacted] to arrange for better Indo-US relations, while at the same time confirming their close ties to Moscow. Then Defense Minister Rao—and Prime Minister Gandhi—visited both the USSR and the United States. The Indians also scheduled



Army General E. Ivanovsky, Commander in Chief of Land Forces the USSR, and Arun Singh, Minister of State for Defense, in New Delhi, December 1985

consecutive visits by the [redacted]

Commander in Chief of the Soviet Air Force in May. Later in 1985, the Indian Army Chief of Staff visited Moscow before New Delhi received his Soviet counterpart in December. [redacted]

The Gandhi government, in our judgment, has insulated its arms negotiations with Western suppliers from potentially disruptive political problems, indicating the importance India attaches to acquiring Western arms. The spy scandal in January 1984 that initially centered on French commercial and military espionage did not prevent Gandhi from visiting French armament manufacturers in May and approving the purchase of nine more Mirage 2000s. Similarly, Indian dissatisfaction with British statements about Sri Lanka's communal problems and London's unwillingness to extradite Sikh dissidents did not prevent the purchase of eight British Aerospace Sea Harrier fighters and 26 Sea Eagle antiship missiles. [redacted]

Soviet Responses

We believe Moscow judged early in 1985 that several factors would limit Gandhi's shift in Indian arms procurement and was confident that India would

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Admiral V. N. Chernavin, First Deputy Commander in Chief of the Soviet Navy, and Admiral R. H. Tahiliani, Chief of the Indian Navy, in New Delhi, September 1985

The Soviets took several steps early last year to ensure that Gandhi did not go too far in modernizing his military with Western imports. According to Embassy reporting, the Soviets worked hard to guarantee that Rajiv would visit Moscow before Washington in 1985, believing such a schedule would symbolize the primacy of their relationship. Although the Soviets were probably disconcerted by Gandhi's refusal to visit Soviet high-technology centers in Siberia and to endorse Moscow's Asian collective security plan, they apparently were reassured that India would not fundamentally change its relations with Moscow. Soviet and East European embassy staffs in New Delhi canvassed the diplomatic community for views on the status and direction of Indo-US relations, and the Soviet press stressed the threat US aid to Pakistan posed to India, according to Embassy reports.

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After New Delhi and Washington reached agreement on the technology transfer Memorandum of Understanding in mid-1985 and began defense cooperation in selected areas, Moscow more frequently played its trump card: its proven ability to provide advanced equipment. since mid-1985 the Soviets have:

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continue to rely on the USSR for most of its major arms purchases

the Soviets expected India to move toward the West in the next several years, as much out of technical necessity as for political reasons. Even so, according to Embassy sources in New Delhi, the Soviets believed Indo-US relations would progress only slightly unless Washington reduced its security assistance to Islamabad. The Soviets, in our view, calculated that US frustrations with bureaucratic obstacles in India, fears that technology would be diverted to the USSR and its allies, and concerns about possible Pakistani reactions would limit the transfer of US military technology to India. Moscow probably assumed that India's defense establishment and economy had too much at stake for New Delhi to reduce its relations with the USSR significantly.

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- Partly acceded to Indian requests for 10 MI-26 Halo heavy-lift helicopters by delivering two in 1986. Earlier, Moscow had refused to deliver this newly developed aircraft, citing development problems.
- Agreed to sell eight Tin Shield early warning radars, previously exported only to Eastern Europe and Syria. Delivery is to be completed before 1990.
- Promised to provide 50 MIG-29 Fulcrum fighters beginning in May 1986.

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and US Embassy reporting indicates that the Soviets will continue to use a mixture of new arms offerings and threats to take a tougher line on financing in future arms negotiations to keep the Indians tied to Moscow.

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New Offerings

We expect Moscow will continue to offer India new weapon systems, some of which have never been exported to the Third World. [redacted] indicate, for example, that the Soviets shipped two T-80 tanks to India for demonstrations in late 1985. Another possibility is that the Soviets will transfer a nuclear-powered attack submarine to India. [redacted]

[redacted] We believe there is a better than even chance that the Indians will purchase a Victor-class nuclear attack boat, [redacted]

[redacted] Other new systems that the Soviets might transfer include advanced surface-to-air and surface-to-surface missiles. [redacted]

The Soviets, in our judgment, will step up their attempts to divert Indian attention from Western competitors and delay indigenous Indian programs by offering equipment that superficially meets Indian requirements. [redacted] they used this tactic in 1978 by pushing the MIG-23 interceptor as an alternative to the Anglo-French Jaguar fighter-bomber and again in 1982 by offering the MIG-27 fighter-bomber as an alternative to the Mirage 2000 fighter. Their ploy was partly successful in both cases, as the Indians eventually purchased Soviet aircraft along with the Western models. [redacted]

Signaling Displeasure

We believe the Soviets will balance their generosity by reminding New Delhi that Rajiv's turn to the West could make future Indo-Soviet deals less advantageous for the Indians. [redacted] the Soviets have raised the interest rates being offered to finance the MIG-29 purchase, pointedly noting that, if New Delhi can afford the interest rates of Western aircraft suppliers, it is only fair that Moscow receive a higher return. [redacted]

[redacted] have asked for partial payment in

hard currency for the two MIG-29 squadrons. The Soviets could apply additional pressure through the plethora of Indo-Soviet spare parts, maintenance, and training agreements. Indian annual payments for Soviet military equipment, which we expect to double to near \$1 billion in the next several years, will provide Moscow with yet another pressure point. [redacted]

We doubt that the Soviets will use stronger measures—such as suspending deliveries of new equipment—to signal displeasure unless they conclude that India is poised to radically reduce its dependence on Moscow for security assistance. Moscow probably realizes that heavyhanded pressure would antagonize India and accelerate its diversification program. Moscow may have learned a lesson from its restrictions on arms deliveries to both belligerents in the early stages of the Iran-Iraq war, a step that angered Iraq and benefited Iran without producing any change in the policy of either country. [redacted]

Implications for the United States

The United States will not displace the Soviet Union as India's primary arms supplier and will not even achieve sales comparable to those of Britain, France, and West Germany. Any US gains at the expense of the Soviet Union in security assistance to India are likely to be gradual. In addition to its need for Soviet arms to complete current defense modernization programs, New Delhi will continue to rely on Moscow as a major trading partner and strategic ally. US and Chinese military aid programs to Pakistan will reinforce the Indo-Soviet relationship for the foreseeable future. [redacted]

We believe that the best US opportunities will lie in providing production technology subsystems for Indian-designed weapons. Indian defense officials have specified antiarmor weapons technology, the LCA project, and the Indian National Test Range as specific areas for cooperation. [redacted]

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**Greater Dependence on Moscow:
An Alternative Scenario**

India could become more dependent on the Soviet Union for security assistance if one or more of its key indigenous weapon development programs—the Arjun tank, the Light Combat Aircraft, the Advanced Light Helicopter, and the 1,200- and 4,500-ton frigates—failed. Hard currency shortages preventing the purchase and licensed production of West European weapon systems would further increase Indian dependence. Our estimates of a worst case scenario indicate that by the end of the century almost 90 percent of India's combat aircraft, 60 percent of its armored vehicles, and 75 percent of its major warships would consist of Soviet-supplied equipment. [redacted]

Without the LCA, a new Western jet trainer, and additional purchases of French Mirage 2000 fighters, we would expect the Indian Air Force to acquire more MIG-27s, new SU-25 and L-39 attack aircraft, and approximately 150 MIG-29 air superiority fighters. Two of these aircraft types in addition to the MIG-27, which is already produced under license in India, could fill the production lines in India's aircraft industry. This would leave the Indians with about 130 Western combat aircraft in their force.

[redacted]

If the Arjun main battle tank does not enter production in the [redacted] suggests that the Indians plan to produce 250 T-72 tanks per year. This would be more than double their production rate for the Vijayanta, requiring a new armored vehicle factory now under construction, [redacted] The Indian Army would then field an indigenously produced T-72/BMP-2 armored force in the 1990s, gradually retiring its older Vijayanta and T-55 series tanks. [redacted]

Additional Soviet warships for the Indian Navy would not cause a further increase in the percentage of Soviet vessels in its inventory, but would limit the decline to slightly more than 50 percent that we believe will probably occur. The Indians could purchase a variant of the already developed Koni-class frigate and additional Kashin-class destroyers if they cannot get their already delayed Project 15 and Bantam-class frigate programs under way. [redacted]

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system and in refitting Indian and Soviet-model tanks. Further down the road, New Delhi may purchase major US weapon systems, such as attack helicopters and transport aircraft. [redacted]

US gains will cause problems for the Soviets disproportionate to their true military significance or dollar value. Decisionmakers in Moscow will view them as indications of Indian policy shifts. They will perceive that, if the United States can sell India major subsystems and defense production technology in the second half of the 1980s, it will be able to supply major weapon systems in the next decade. This will be particularly true if Western—not necessarily US—

firms are successful in the Indian LCA and Arjun tank programs. Moscow will see the small initial sales of [redacted] as opening the door to larger US defense relations with India. If current plans are fulfilled to have Indian officers participate as observers aboard US naval vessels in exercises outside the Indian Ocean and attend an increasing number of military courses in the United States, they will add significantly to Moscow's worries. [redacted]

Developing a defense relationship with the Indians will require patience on the part of both Washington and US defense industries. Washington will be faced

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with complying with New Delhi's seemingly endless delays in completing agreements and understandings. Last year's extended delay in obtaining Indian acceptance of the nuclear assurances attached to the Memorandum of Understanding on technology transfer is an indicator. Since then, New Delhi has resisted a formal General Security of Military Information Agreement, preferring ad hoc arrangements instead.

[REDACTED]

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US firms are likely to find the Indians' arms negotiating style exasperating and their procurement procedures frustrating. Recently, a US firm withdrew from participation in a tank rebuilding program because of long delays on the part of Indian officials. Previous unsuccessful US attempts to sell C-130 transport aircraft and TOW missiles probably will dissuade other US arms manufacturers from making a strong attempt to develop an Indian market.

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